

ARTRS REVIEW

Arkansas Teacher Retirement System

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REVIEW

IN THIS ISSUE

Meet Board Member Dr. Fair	1
Letter from the CEO	2
The Victory Building.....	3
Employees of the Month.....	4
2008 Benefits Payment Schedule ...	4
What's New at ATRS	4
Benefits Corner.....	5
Update Your ATRS Account!.....	5
2008 Meeting Schedule.....	5
ATRS Board Information.....	6

MEET BOARD MEMBER DR. FAIR



Paul R. Fair, Ed. D.
Retired Public School Administrator

Dr. Fair is a native of Okolona, Arkansas and a graduate of Okolona High School in 1943. His immediate family consists of Marie Grady Fair, his wife and best friend since 1946, a son – James Richard Fair of Madison, Wisconsin, a daughter – Melinda Fair of Little Rock and five grandchildren – Amanda, Erin, Matthew, Casey and Sky.

Dr. Fair is the youngest of seven sons and three daughters born to James A. Fair and Eugene Cagle Fair from 1904 to 1925.

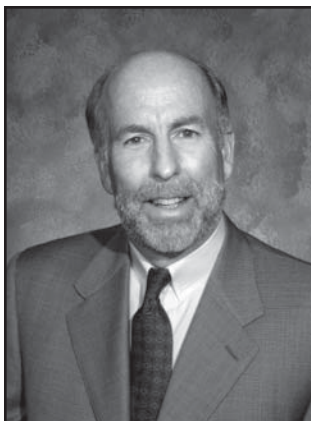
He is a Christian, an active member of St. Paul United Methodist Church in Little Rock since 1955, Past President of Little Rock Conference of Methodist Men, Past Member of the Conference Board of Ordained Ministry, Past District Lay Leader and Chairman of the Camp Tanako Board of Directors. Dr. Fair is a 32nd Degree – KCCH Scottish Rite Mason and has been a Master Mason for more than fifty years.

Dr. Fair served in the U.S. Army Infantry during World War II. His decorations include the Combat Infantry Badge, the Bronze Star Medal for valor and the Purple Heart Medal for wounds received in combat. Dr. Fair was selected as one of 200 combat veterans to serve in the original General Douglas MacArthur Honor Guard Company in May of 1945.

After he was discharged from the Army in December 1945, he enrolled in the University of Arkansas under the provisions of the G.I. Bill, where he earned the B.S.E., M.A. and Ed.D. Degrees. He was employed as an elementary school principal in Texarkana, Arkansas from 1948 to 1954. Afterward, he served as Jefferson Elementary School Principal, Assistant Superintendent, Deputy Superintendent and Superintendent of Schools in the Little Rock Public Schools from 1954 to 1978. After 1978, he was employed as Jefferson County School Supervisor, Director of the Cuban Refugee Education Project at Camp Chaffee, Instructor of Educational Administration for the University of Arkansas and Associate Professor of Louisiana Tech University.

He is Past President of the Little Rock Civitan Club and a recipient of the Paul Harris Fellow Award as a member of the Little Rock Rotary Club.

Dr. Fair has been elected to numerous positions of educational leadership on professional committees and commissions at the local, state and national levels during his career in public education. From 1955 to 2000, he was Executive Director of the Arkansas Retired Teacher Association. In 1994, he was elected to a three-year term on the Arkansas Teacher Retirement System Board of Trustees and was re-elected to served six years from 1998 and 2004. In 2003, he was appointed to a second three-year term on the National Retired Teachers Associations Pensions Roundtable.



Paul Doane

LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Member,

If there is one thing I've learned in my 30+ years of involvement with the securities markets, it is that you cannot rest on good times because things can reverse very quickly and significantly. Such are the circumstance of the past six months. After enjoying another very solid year, in which the System's portfolio showed a solid 19% return, marking the fifth straight year of positive gains and continuing improvement in its funding status, the markets have turned. Volatility has surged, commodity prices have spiked, and the turmoil and uncertainty first felt in a weakened housing market has spilled over to the broader economy. Fears of a further slowing and the threat of recession have taken their toll on investor confidence, driving prices lower. Some markets have fallen 20% from the highs reached only last October.

There is no need to panic in these conditions, as unpleasant as they may seem. The Teacher Retirement System stands on very firm footing. It has banked some very profitable returns, since the last rough patch in 2000-2002. We employ a well accepted accounting practice, known as "smoothing", which allows a pension plan, such as ATRS, to count only a portion of any actual gains (or losses) realized in any one year. With a backlog of steady positive returns realized each year starting with 2003, the System has accumulated a reasonable "reserve" that it can gradually apply against losses and dampen any realized year-by-year volatility. Furthermore, we still have one more quarter in this current fiscal year and much may change to impact the current year's performance.

Many market observers believe that the current financial challenges to security markets, while certainly deep seeded, may be short lived. Markets often move well ahead of actual conditions, both on the downside and upside. Time will tell, but the overwhelming evidence is that over the longer term, securities markets move higher. When we are in the middle of these tough stretches, it seems there is no end. However, markets will emerge stronger and higher for the experience.

Your Board has not been idly observing the economic situation...far from it. The Board has been extremely active in seeking to best insulate its portfolio when conditions result in a struggling domestic stock market or other specific asset class. Starting last summer, the Board has been gradually moving from its position of heavier reliance on US equities. The reality of such an adjustment, however, is that these changes take time. It doesn't happen overnight. There are important due diligence processes to follow toward shaping the portfolio to a broader and, in the long run, healthier diversification. It is also important with some asset areas to time spread certain investments. For example, the Board has committed to a significant increase to real estate and private equity. To fully carry out this program will take 2-3 years. We have also revised the investment mandates of several of our existing managers. These transitions are staggered to again avoid investing concentrations in the same or similar market environments. Ideally, it would have been nice for the market to delay its decline until the portfolio was more fully repositioned. But, that is not how things generally work out. So, we play the cards as they are dealt and take the important steps today to best align the portfolio to withstand the inevitable future headwinds.

As we start the fourth quarter of this fiscal year, the portfolio is in negative territory by 5%. However, this is not insurmountable given the recent dramatic moves. I do feel that the worst is behind us and although more disclosures of troubled financial institutions are very likely, the extreme steps taken by the Federal Reserve, while controversial will prove constructive to providing the type of short and longer term reassurances that markets need.

Regards,

A stylized, handwritten signature in black ink, appearing to be 'PD' followed by a long horizontal stroke.

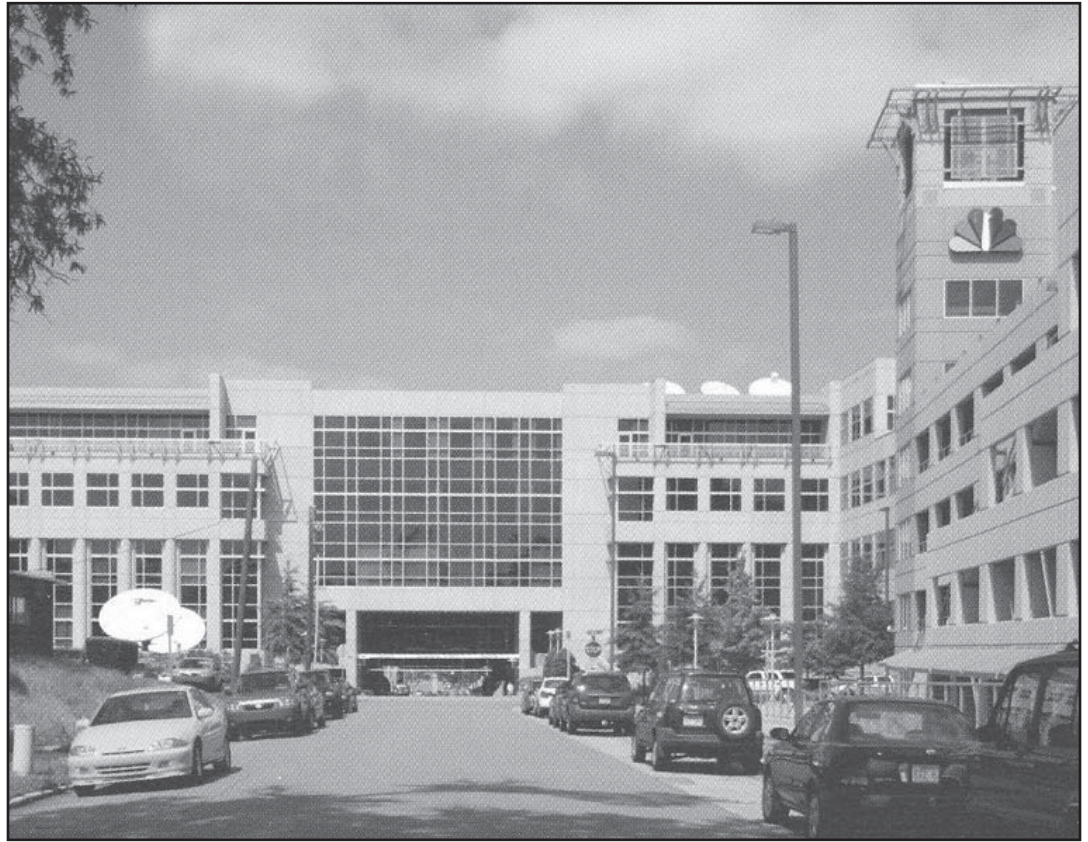
Paul Doane
Chief Executive Officer

VICTORY BUILDING

Arkansas Teacher Retirement System holds 10 commercial buildings in the investment portfolio. One of the premium office buildings is the Victory Building, located at 1401 W. Capital Avenue in Little Rock.

The Victory Buildings is a four story 262,342 square foot, class A office building with a secured parking lot, lush landscaping and a dramatic four story atrium.

The plaza level of the Victory Building houses 120 private parking spaces and has two restaurants. The first level opens onto an exterior terrace that spans the length of the building and includes an exceptional view of the State Capital. The additional four stories of the building feature a lobby with a dramatic four-story sky lit atrium, waterfall, and a grand staircase.



The Victory Building

The Victory Building serves as the home for a wide array of tenants, including the State Treasurer, the Secretary of State, the Auditor of State, private law firms and other businesses.

Among the many amenities of the building are two conference rooms, which are available for both tenants and non-tenant use. The small conference room accommodates up to 10 people. This conference room features a beautiful conference table, a small kitchenette and wireless Internet access.

The large conference room easily accommodates 65 people and has a large kitchen and wireless Internet. The two on-site restaurants can provide excellent catering for events with the convenience of being in the building. The large parking deck provides ample parking with the bonus of covered space. The building is steadily growing in tenants and is currently over 77% leased.

For additional information please contact: Dana Gray @ 501-371-9800

EMPLOYEES OF THE MONTH

All of the staff at the Arkansas Teacher Retirement System (ATRS) would like to give a big thanks to the Data Processing (DP) Department. In the past few weeks life here has been turned upside down during the renovation of the building. We have three or more people in rooms working on tables all over the building.

One constant during this trying period is the DP Department and the reliability of the System's network, software, and proprietary systems. Over one weekend the DP department completely cleaned out the third floor, installed computers in every office on the first floor, and made additions and moves on the second floor. All this was done with no interruption to service.

Great job from everyone at Arkansas Teacher Retirement! DP department staff members include: Manju, Aruna Ankem, Chris Ausbrooks, Brooke Whitaker, Chris Onnen, and Gloria McKnight.

Gail Bolden, Chief Operations Officer

2008 Benefits Payment Schedule

Checks Mailed Schedule	Direct Deposit Schedule
April 24, 2008	April 30, 2008
May 27, 2008	May 30, 2008
June 25, 2008	June 30, 2008
July 28, 2008	July 31, 2008
August 26, 2008	August 29, 2008
September 25, 2008	September 30, 2008
October 28, 2008	October 31, 2008
November 20, 2008	November 26, 2008
December 23, 2008	December 31, 2008

WHAT'S NEW AT ATRS

NEW OFFICE HOURS: Our office hours have been changed back to 8:00 a.m. until 4:30 p.m. Monday through Friday. Due to daylight savings time and security concerns, we are no longer keeping the office doors open until 6:00 p.m. However, we will have telephone counseling support from 7:30 a.m. until 6:00 p.m. So, if you need to make that early or late telephone call, please feel free to do so. Building access is limited to the first floor and all visitors must check in with 1st floor security.

BUILDING RENOVATION. The first phase of the ATRS building renovation is complete. The 1st floor of the building that was formerly occupied by the Auditor of State has been remodeled and now houses the Benefits and Counseling, Membership, Preretirement, and Human Resources Departments on a permanent basis. A few staff members will occupy the 1st floor on a temporary basis until the building renovation is complete. We are excited about our remodeled space and look forward to showing it to our visitors and members.

STAFFING CHANGES AT ATRS. There are times at ATRS when the staff remains stable and there are few changes, retirements, new hires etc. This is not one of those times. ATRS has 82 full time position slots and 14 extra help positions. Since January 1, five full time and five extra help positions have been filled, one internal employee has been promoted and one transferred to another department. Three regular full time and three extra help employees have moved on to other employment outside of ATRS.

ATRS CELEBRATES 70 YEARS OF OPERATION. At the March 6 Board of Trustees' meeting, ATRS celebrated the completion of 70 years as a retirement plan. The ATRS was created by Act 226 of 1937 of the Arkansas General Assembly. A brief reception was held to commemorate the event with the ATRS Board, staff, and other distinguished guests including Senator Jimmy Jeffress, Co-Chair of the Joint Retirement Committee and Senators Steve Faris and Shane Broadway. Senator Faris presented a Proclamation of Senate to the System to honor this milestone. As of this March, ATRS proudly serves over 84,000 active members and 23,000 retirees. As of March, the System's monthly retirement payroll is over \$40,000,000 and approximately 91% of ATRS retirees still reside in Arkansas.



BENEFITS CORNER—*DID YOU KNOW?*

You may be eligible to convert your ATRS retirement annuity to maximum benefits if you elected Option A, B, or C at retirement and have a qualifying event. If you are retired and elected an annuity option other than straight life, you are eligible to “pop up” and receive your maximum annuity benefits for all future annuity payments if you have a qualifying event. A qualifying event includes the death of your spouse or dependent nominated to receive your option benefits or a divorce. Please contact us if you would like to see whether you qualify to change your retirement option.



UPDATE YOUR ATRS ACCOUNT!

Have you recently moved? Did you receive your 1099-R this January? If not, you may need to update your mailing address with ATRS membership department.

Speaking of updating your account, do you know who your ATRS beneficiaries are? ATRS has 2 types of benefits payable upon the death of a plan participant: your account residue and a lump sum death benefit. Each benefit has its own beneficiary form and your beneficiaries do not have to be the same for each benefit. If you are not sure who is listed as beneficiaries for your account or have never named beneficiaries, please contact us. To update the address on your account or obtain a Residue and Lump Sum Death Beneficiary form, please call ATRS at (501) 682-2175 or 1-800-666-2877. These forms are also available on our website at www.artts.gov. Anytime something significant happens in your life such as a marriage, divorce, birth or adoption of a child, or the death of a beneficiary, you should review your ATRS beneficiary designations to ensure your requests are honored.

2008 BOARD OF TRUSTEES MEETING SCHEDULE

First day of meetings start at
1:00 if other Committee
meetings are scheduled.

Second day of meetings start at
9:30 a.m.

June 8-10 (Board
Strategic Planning and
Offsite Board Meeting)

August 11-12 (if necessary)

October 6 and 7

December 8 and 9

COMMITTEE MEETINGS

May 20, 2008

Investment Committee @ 9:00 a.m.

June 10, 2008

Investment Committee @ 9:00 a.m.

June 26, 2008

Executive Committee @ 10:00 a.m.

June 26, 2008

Policies/Legislative Committee
@ 1:00 p.m.



REVIEW

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Address Service Requested

The ATRS Review is published quarterly
and mailed to active and retired ATRS members.

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